

SEED ADVISORY BOARD  
California Department of Food and Agriculture  
Plant Diagnostic Center  
3294 Meadowview Road  
Sacramento, CA 95832  
May 18, 2005

Chairman Keithly called the meeting to order and requested Heaton to record attendance at 9:15 am. The following members and guest were in attendance.

Members:

Rick Falconer  
William Van Skike  
Ron Tingley

Guests:

John Heaton  
David Godfrey  
Betsy Peterson  
Kent Bradford  
Deborah Meyer  
Jim Effenberger

Chairman Keithly noted that a quorum was not present. Van Skike suggested that the members present conduct the meeting and present the motions to other members at a later date. Godfrey affirmed that an unofficial meeting could be conducted and that a conference call could be conducted at a later date, during which time a quorum of members could vote on the motions presented at the unofficial meeting. Members in attendance agreed to conduct the meeting and present the motions for vote to a quorum of members present at a teleconference meeting.

Changes/Additions to the Agenda:

Chairperson Keithly called for any changes to the Agenda. There were none.

Board Membership and Personnel Changes

John Heaton announced that Linda Taylor and Nicole Gambrell have recently been hired by the Nursery Seed and Cotton Program to provide clerical support. They will begin work as Office Technicians on June 1, 2005. Letters of reappointment from Undersecretary A.J. Yates were then presented to members Keithly, Van Skike, Falconer, Hansen and Williams. Their new terms will expire on March 31, 2008. A letter of new appointment for the completion of a public member term was presented to Larry Hirahara in absentia. Mr. Hirahara's term will expire March 31, 2006.

Minutes – February 23<sup>rd</sup>, 2005

Chairperson Keithly asked for corrections or changes to the minutes. None were proposed. Van Skike motioned to accept the minutes as presented. The motion was seconded by Falconer and unofficially approved by unanimous vote.

Recent Developments and Projects in the Seed Laboratory

Deborah Meyer provided a handout of recent activities and developments in the seed laboratory. Twenty people attended their annual seed workshop in April. Various methods of seedling evaluation and a review of the AOSA purity rules were presented at the workshop. Meyer announced that Jim Effenberger has been elected by the AOSA membership to serve a 3-year term on the AOSA Executive Board, beginning June 22, 2005. Meyer, Effenberger and Stephenson have received tentative approval to travel during June 2005 to the AOSA/SCST Annual Meeting in Saskatoon, Saskatchewan, Canada. At present, they are awaiting final approval from the Governor's office.

Fund Conditions for the Seed Services Program

Godfrey provided a yellow handout titled "Seed Services Fund Condition." He pointed out that Total Revenue increased from \$1,076,991 in 2003/04 to \$1,219,156 in 2004/05. He attributed the increase in revenue to the new assessment rate of \$0.32 (up from \$0.30) and the increase in the value of seed sold. He stated that he believes the technology added to seeds will continue to increase the value of seed sold in

California and consequently increase the revenue collected through assessments in future years. As a result of the gradual increase in revenue collected, the current assessment rate of \$0.32 should be adequate to cover a two to three percent increase in expenditures over the next few years. He briefly reviewed the expenditures by Seed Services for 2004/05 and reported expenditures at \$1,121,392. This amount includes the funds allocated for the Seed Laboratory, the County Subvention Program and the UC Seed Biotechnology Center (SBC). Godfrey then used a 3% level of increase to estimate expenditures for the next three years and showed how the projected expenditures are slightly less than the expected revenue when the assessment rate remains at \$0.32. He summarized that based on the trends shown on the fund condition statement, the Board can fund the budgets proposed for the next year and conceivably future years. He stated that no action is necessary for this agenda item.

#### Fund Conditions for the Seed Laboratory

Godfrey provided a green handout titled "Seed Laboratory Ag Fund Condition." He noted that the total revenue collected by the seed laboratory, including testing fees, has declined to the present figure of \$20,277. He stated that he was not sure if new testing fees were having any effect on reversing the decline in revenue collected by the lab. Meyer commented that it was too soon to tell since the new fees only came into effect recently. Godfrey explained that about \$16,000 has already been collected, but the final amount will probably be about \$18,000.

The two main expenditures are the Seed Lab Ag Fund and the Plant Lab Bond Debt. The bulk of the Seed Lab Ag Fund expenditure comes from Personnel Service charges, specifically 75% of Connie Weiner's salary and 25% of Elaine Harris' salary. Godfrey noted that the charge for the Plant Lab Bond Debt has been increasing the last few years to a current amount of approximately \$40,000. He then stated that the beginning balance for the Ag Fund has been steadily declining and at the present rate, the Seed Lab Ag Fund will not have enough money for the 2006/07 year. Although the Board does not fund the Seed Laboratory Ag Fund, Godfrey wanted to present the information so that they are aware of a situation that is developing and which could affect the budget of the Seed Lab's General Fund. He explained that the beginning balance for the Seed Lab Ag Fund comes from a reserve of money that originally became available when department expenditures and charges to the Seed Services were less than expected. He stated that he will continue to explore the viability of incorporating the Seed Lab Ag Fund into the budget of the Seed Lab General Fund or the Seed Services budget, as a means to avoid the charge for the Plant Lab Bond Debt.

A motion was made by Van Skike to place a discussion of the Seed Lab Ag Fund on the agenda for the winter meeting. The motion was seconded by Falconer and unofficially approved by unanimous vote.

#### Out of State Travel Proposals

Meyer referenced the handout titled "Proposed Out-of-State Travel, 2005/06." She noted trips by Seed Laboratory staff to the Joint Annual Meeting of the Association of Official Seed Analysts (AOSA) and the Society of Commercial Seed Technologists (SCST) in Indianapolis, Indiana during June 2006. She explained the important role that laboratory staff members have as committee members in AOSA. They are directly involved in the development of standardized laboratory testing procedures which promote the orderly marketing of seed. Their participation at this international meeting is essential to insure that proposed or amended testing procedures do not negatively affect the evaluation of quality for seed produced in California. Meyer also requested funds for a trip by Jim Effenberger to a Seed Workshop at Oregon State University during March 2006. This trip is necessary for CDFA to continue to offer workshops that are sanctioned by the AOSA. Effenberger gains valuable information in specialized areas that can then be passed on to state, county and seed industry personnel. Meyer estimated that the cost of trips requested by CDFA Seed Laboratory staff is \$6,696.

Heaton referenced the same handout and requested funds to attend the following meetings .

- Annual Meeting of American Association of Seed Control Officials in Austin Texas during July 2005.
- Seed Sampling Workshop in Brookings, South Dakota during August 2005
- Dispute Resolution Training in Tallahassee, Florida to be scheduled during September or October of 2005.

- Annual Conference of the California Seed Association in Kaanapali, Maui, Hawaii during April 2006.

Heaton stated that he felt these trips were necessary to acquaint him with Seed Control Officials in other states and to provide him training necessary to successfully perform his duties. Meyer further offered that seed sampling protocol is becoming increasingly important for seed testing and the export of seeds. It is essential that CDFA personnel understand the sampling rules of the International Seed Testing Association (ISTA), the Association of Official Seed Analysts (AOSA), the USDA and the Canadian Food Inspection Agency. Heaton then explained that a Seed Services Representative usually attends the Annual Conference of the California Seed Association to provide seed industry members with updates about the California Seed Law or any other changes in law that may affect their industry. The total cost of all trips requested by the Seed Lab and Seed Services was stated as \$15,550.

Motion was made by Falconer to approve the Out-of-State Travel Request.  
Van Skike seconded the motion. Unofficial vote was unanimous in favor.

#### Seed Laboratory Proposed Budget

Godfrey provided a green handout titled "Seed Laboratory Gen Fund Proposed 2005/06." He stated that the expected cost of total personal services, including benefits, is \$526,806, while miscellaneous operating costs are expected to be \$185,000. He noted that some amounts, such as interdepartmental charges are fixed charges from the Department that the lab has no control over. The total amount proposed was \$712,006. Subtracting the expected revenue from test fees (\$18,000) results in a proposed budget amount of \$694,006. One half of that amount, or \$347,003, will be used in the Memorandum of Understanding that Seed Services Program enters into with the Seed Laboratory. The amount of \$347,003 required by the Seed Laboratory will therefore be carried in the budget proposed for the Seed Services Program.

Godfrey provided another green handout titled "Seed Laboratory Ag Fund Proposed 2005/06." He explained that the Ag Fund Budget was set up years ago based on service samples that were being processed by the Seed Laboratory. The revenue received from those service samples is kept in a separate Ag Fund account. For personnel services, the amount proposed reflects 75% of Connie Weiner's salary. Seed Services picks-up the other 25% of Ms. Weiner's salary because she gathers valuable information for Seed Services and prepares the official samples for testing. Godfrey emphasized that it is important for Seed Services to have a person on site to receive samples, input data, assist in germination tests, and to compile final test results for analysis by the Seed Services program.

A significant increase in expenditure for the budget proposed for the Seed Laboratory Ag Fund is the expenditure for Pro Rata. The proposed budget shows an increase of 250% for Pro Rata. Godfrey explained that Ag Programs that receive funding from outside sources must pay state Pro Rata. He explained that Pro Rata covers services from the Department of Finance, the State Personnel Board, the Legislature, the Department of General Services and various other departments that are part of the state infrastructure. In short, Pro Rata is the cost of doing business within the state. Godfrey explained that in previous years the Pro Rata payment was based on personnel services. Recently however, Pro Rata has also included the cost of Local Assistance. He explained that counties also pay Pro Rata but when the state decided to no longer pay Local Assistance, that cost was met by using the unclaimed gas tax. This year, county Ag Commissioners are spending 90% of the amount they receive from unclaimed gas tax to pay their share of Pro Rata. Since the state does not have an agreement with the Ag Commissioners to pay the Pro Rata in 2005/06, the cost of that Local Assistance by the state is being passed on to the Departments, which must individually decide how to pay this cost. For the Seed Laboratory Ag Fund, the proposed cost is \$3,003.

Perhaps the most significant expenditure in the budget proposed for the Seed Laboratory Ag Fund is the Bond Debt Repayment, which is reflected in the handout on the second to the last line. Personnel Services and total operating expenses, including Pro Rata bring the budget to almost \$61,000. Adding in the Bond Debt Repayment brings the total to \$100, 770 or approximately a 4% increase over the current year's budget.

Godfrey noted that a \$100,770 budget total will significantly impact the Ag Fund balance and suggested that at the winter meeting the Board discuss strategies for dealing with the anticipated low balance in the Seed Laboratory's Ag Fund.

Member Tingley questioned the benefit of maintaining the Seed Laboratory Ag Fund as a separate fund, in light of the decline in revenue from seed testing. Godfrey concurred and suggested that the budget of the Seed Laboratory Ag Fund could possibly be rolled into the budget of the Seed Services Program. He provided the example that numerous certification programs are assigned object codes in the Nursery Program's budget. This strategy allows him to track money that comes into the various certification programs. He suggested that perhaps a similar strategy could be used where the Seed Lab Ag Fund becomes an object code in the Seed Services budget.

Tingley observed that the proposed budget only shows expenditures and does not show the revenue from service samples. He questioned how a program with only \$18,000 in revenue from service samples is able to cover a budget of approximately \$100,000. Godfrey explained that the money needed comes from the reserve that he mentioned earlier. He noted that we have been steadily chipping away on that windfall for a number of years and that it is just about exhausted. Van Skike noted that the present scenario could end the Seed Laboratory Ag Fund budget. Effenberger asked if ending the Seed Laboratory Ag Fund budget would lower the Pro Rata. Godfrey replied that potentially it would. Van Skike commented that this is a conscious decision the Board needs to make. Godfrey noted that he would need to talk with the budget office about ending the Seed Laboratory Ag Fund budget and the implications that would have on paying the Bond Debt Repayment. Meyer noted that the Seed Laboratory Ag Fund was originally designed for equipment expenditures, however it has more recently evolved into something bigger, which includes salaries and these other charges.

Chairman Keithly requested that Godfrey consult with the budget office about the implications of ending the Seed Laboratory Ag Fund budget and that the issue can be discussed at the winter meeting of the CSAB.

Effenberger also noted that with termination of the Seed Lab Ag Fund budget, the Bond Debt Repayment may disappear. Godfrey commented that this was an issue he will discuss with the budget office. Tingley asked if the Seed Laboratory Gen Fund would then have to pay the Bond Debt. Meyer and Effenberger noted that other labs at the center do not pay the Bond Debt. Godfrey noted that the Seed Lab is the only Ag-Funded program at the Plant Diagnostic Center and that other labs don't pay the Bond Debt because that payment is picked up by the Center's General Fund.

Godfrey noted that the Bond Debt repayment was previously decreasing, but more recently has been increasing. For this reason, he has requested a history from the budget office.

Bradford requested an explanation of where the "windfall" to the Seed Laboratory Ag Fund budget came from. Godfrey explained that at some previous point in time, unspent funds by the Division were destined to revert back to the General Fund. Since the Seed Laboratory had previously been unable to collect money from MOUs with the Department due to process of collection not being established, Godfrey was able to obtain approximately \$100,000 of the Division's unspent funds.

Chairman Keithly inquired if anybody had questions regarding the proposed budgets for the Seed Laboratory Gen Fund and the Seed Laboratory Ag Fund. No questions were presented. Keithly requested a motion to approve the budgets as presented. Falconer motioned and Van Skike seconded the motion. The budgets proposed for the seed laboratory were unofficially approved by unanimous vote.

#### Seed Laboratory Level of Funding (Memorandum of Understanding)

Godfrey explained that to provide for the Seed Laboratory Budgets, the Memorandum of Understanding must be set at \$347,003. He reiterated that the fund condition for the Seed Services Program is adequate to cover that amount. Godfrey explained that the MOU limits the spending by the Seed Laboratory to the amount approved by the board. The MOU amount is reflected in the Laboratory's general budget and is correspondingly shown as an item in the Seed Services' budget. Tingley motioned that the Board approve

\$347,003 as the level of funding for the Memorandum of Understanding. The motion was seconded by Van Skike and unofficially passed by a unanimous vote.

#### Seed Services Proposed Budget

Godfrey referenced the yellow handout titled Seed Services Proposed Budget 2004/05 Budget. The amount proposed for permanent salaries included a 3% increase plus an additional amount to cover Heaton's 5% merit-salary-adjustment and a little extra to cover the salary of a previously vacant position for an Office Technician. Staff Benefits were based on salaries, while the amount for Salary & Benefit Recovery reflects a reimbursement from the seed laboratory for that part of Connie Weiner's salary and benefits not covered by Seed Services. The recovery occurs at the end of the year because Seed Services initially pays Ms. Weiner's entire salary and benefits, but later recaptures a big portion of that from the lab funds budget. Other budget items were listed in the same order as last year but with slightly higher amounts. The amount for Out-of-State Travel reflects the amount already approved by the board. Godfrey allocated \$10,000 for Consulting and Professional Services. He explained that this money is necessary if Seed Services has to use an outside mediator for seed complaints. Recently the Seed Services Program has been able to use trained mediators from the Market Enforcement Branch of CDFA. Utilizing mediators from Market Enforcement has been economical because the Seed Services Program only has to pay for the salaries of mediators on the days that they work on seed mediations and for their travel associated with those mediations. If Seed Services uses outside mediators, and the expected cost is greater than \$1000, the program is obligated to request bids for mediation services. In the past, it has been possible to stay under the \$1000 limit when there has been only one mediation. The problem occurs however, when a complaint involves several growers and several mediations. Unless a different outside mediator is used for each complaint, the cost can quickly exceed \$1000, in which case the Seed Services Program is obligated to take bids and establish a contract for services. By utilizing Market Enforcement, we avoid much of the delay, paperwork and extra cost.

Keithly inquired about the possibility of having individuals involved in the complaint pay for the mediation. Godfrey explained that such a strategy was explored previously but decided against by the Board and Program because of the desire to make mediations available to everyone. It was felt that everyone already pays through assessments and to require additional payment would make it more difficult to gain acceptance of the dispute resolution process. Godfrey recalled the observation by Robert Hite at the 1998 meeting in Maui, namely that it is very difficult to charge someone that has already had a loss. He added that by having the Program pickup the cost, farmers are more likely to accept the process.

Godfrey presented the increase proposed for Pro Rata. He acknowledged the increase is approximately 170% higher than last year's Pro Rata and stated that it appears there is not much that can be done about the increase at this time. He explained that this increase in Pro Rata is not unique to the Seed Services Program but is also being experienced by other Boards funded by industry, including the San Joaquin Valley Cotton Board, the Cotton Pest Control Board and the Industry Advisory Board (IAB). He expressed that there is hope that the Pro Rata may be reduced sometime in the future if the state can get an agreement with the Ag Commissioners.

Bradford asked if the Pro Rata amount is determined by the total budget approved by the Board. Godfrey replied that it is. He further explained that in years past, Pro Rata was determined as a percentage of the Personnel Services portion of a budget. When it was later decided to establish Pro Rata as a percentage of the total budget, the amount Seed Services had to pay actually went down from \$17,726 in 2002/03 to \$11,366 in 2003/04, but then back up to about \$14,000 in 2004/05. In contrast, Godfrey explained that programs like the IAB experienced a significant increase in Pro Rata when the formula switched from Personnel Services as the factor to Total Budget as the factor. This was because the IAB had only one person working for them when Pro Rata was based on Personnel Services. When Total Budget became the factor however, the IAB budget had about \$1.5 million dollars for contracts with outside researchers. Even though most of their work was done outside, the Pro Rata for the IAB jumped from \$3,888 to around \$23,000. The projected Pro Rata for 2005/06 for the IAB is approximately \$42,000. This amount of increase over a three-year span has caused great concern at the IAB.

Van Skike inquired if the Governor's Office must approve these changes. Godfrey replied affirmative but added that the changes come from the Department of Finance and the Legislature. Van Skike requested clarification if it is from the Governor's Office or from the Legislature. Godfrey answered that he believes it is from the Legislature. He explained that the Department of Finance passes the Pro Rata amount to each Department and leaves it to their discretion to figure out how to pay.

Godfrey then moved through other items on the proposed budget, including a higher amount for Vehicle Operations due to the increase in gas, the same amount of \$150,000 for the Research Contract with the UCD Seed Biotechnology Center, the contract of \$120,000 with the Ag Commissioners and the amount of \$347, 003 already approved for the MOU with the Seed Laboratory. The total amount proposed for the 2005/06 Seed Services budget was \$1,206,227.

Meyer inquired if the counties would be doing the sampling. Godfrey answered that they would continue until we finish our discussions about the role of the counties and the role of the state. He stated that contracts will be put into place as they have been in the past. Meyer responded that a discussion about sample flow needs to occur because some counties store up samples for several months and then send them at one time. Godfrey agreed that issue should be discussed.

Falconer returned to the issue of Pro Rata and asked for a discussion of what the Board can do. Van Skike stated that the cotton industry is also being hit with the Pro Rata increase and that they have arranged a meeting with the Secretary and also made some contacts with the Governor's Office. Van Skike commented that the industry doesn't have to blindly accept the increase but instead can decide to have some discussions about the increase. He noted that if Godfrey can't get the discussions with the Secretary arranged, then the industry should use their own resources to arrange discussions. Van Skike expressed his displeasure with the 300% (+) increase and stated how difficult it is to accept the increases that have occurred over the past few years.

Tingley inquired if any individuals or groups have successfully discussed or negotiated any relief. Godfrey replied that he wasn't aware of any groups yet, however he did state that the IAB has raised some questions and is supposed to meet with the Secretary.

Keithly asked if the Board should wait until after meetings before they approve the budget proposed for Seed Services.

Van Skike motioned that the proposed budget for Seed Services be approved so as not to disrupt the function of Seed Services. He requested however, that approval of the budget be under the condition that the Seed Services staff schedule a meeting between Board members and Secretary Kawamura to discuss and possibly impact some of the charges, as well as to perhaps address the Seed Laboratory Gen Fund. Van Skike acknowledged the "windfall" that the Seed Laboratory received, however he expressed doubts that the "windfall" exceeded the amount of money paid through the years for Bond Debt Repayment. He further stated that such a meeting is in line with what the Governor has asked for, namely to address efficiencies.

Tingley seconded the motion to approve the budget as presented and to direct Staff to setup a meeting with the Secretary to get reduction and better resolution. The motion was unofficially approved by unanimous vote.

#### Seed Biotechnology Center Report

Kent Bradford provided a brief update of activities and budget projections for the Seed Biotechnology Center (SBC). He noted participation at various meetings involving regulatory issues, including a meeting sponsored by the USDA. The focus of that meeting was to identify regulatory hurdles that limit commercialization of specialty crops, which includes most of the crops in California except corn, soybeans and cotton, although some California cotton is considered a specialty crop. The outcome of the meeting was that there may be some rationale to pursue a program for specialty crops that is analogous to the IR-4 Program. The IR-4 program currently assists interested parties to overcome hurdles in obtaining chemical registrations for smaller crops. A proposal was put forward to the U.S. Secretary of Agriculture to pursue

this. Additional funding was provided for another round of meetings and further development of this concept. Bradford expressed the need for stakeholders, particularly the California Seed Association, to participate at these future meetings. He expects the next meeting will occur in November.

Related to the issue of regulatory hurdles, Bradford provided an article he co-authored and published in *Nature Biotechnology* in April 2005. The article is titled "Regulating transgenic crops sensibly: lessons from plant breeding, biotechnology and genomics." He summarized that the article is an analysis of some of the aspects of the current regulatory system and whether current science supports that regulatory system. He commented that they have received many comments and that the article has generated much public debate and discussion.

Bradford reported that his colleague at the SBC, Alan Van Deynze, will be traveling to Montreal to participate in a meeting about the *Cartagena Protocol* and to discuss the impact of biotechnology on conventional biodiversity. Alan will provide handouts to regulatory officials from around the world and will attempt to procure a spot on the program to provide a statement as a public scientist. Bradford noted that since the U.S. has not ratified the protocol, the U.S. does not get an official slot at the meeting to speak.

Another concept being developed at the SBC is the formation of a Plant Breeding Academy. The need for such an Academy was brought to the attention of the SBC by their clientele, who noted the long-term trend of fewer and fewer programs training plant breeders. A recent meeting conducted at Michigan State discussed the lack of plant breeders nationwide and considered what could be done to maintain breeding programs. The idea by the SBC is to develop a program for people working in the seed industry, or who are involved in plant breeding, but who may not have higher degrees in plant breeding or genetics. Their participation would be comparable to current MBA programs where individuals attend intense coursework for brief periods of time and then return to work. The pattern is repeated several times, covering and reviewing different topics each time. It is anticipated that the program would cover basic genetics, statistics, breeding design and the use of molecular markers. The SBC would offer short and intense classes that ultimately provide the participants with knowledge comparable to post bachelors or masters degree programs. Bradford commented that members at the recent annual convention of the California Seed Association were supportive of this concept.

Van Skike asked if a degree or a certification would be offered. Bradford acknowledged that the program could not confer a degree but would likely issue a certificate of completion. He stated that the details of how individuals could enter into the program must still be discussed with the University, however he believes that the SBC could put together a very high quality program. The SBC staff has been in discussion with UCD genetics faculty and has begun initial identification of faculty from other institutions that could possibly be utilized as speakers or instructors. Initial budget models are being developed, however Bradford emphasized that the project would take a significant commitment by industry toward the development of their human resources. He reiterated that feedback from the seed industry indicates there is sufficient interest to justify further pursuit of this concept.

As evidence of support for the concept, Bradford provided a handout titled "Seed Biotechnology Center Survey Results". He noted that the SBC shares approximately \$1.7 million dollars received in research grants and will continue to pursue additional research grants. One current proposal would provide funds to conduct research on pollen flow of Roundup Ready alfalfa grown in 40-acre blocks. The survey showed, however, strong support for educational and outreach activities by the SBC, including website postings, extension courses, educational bulletins, trade journal articles, workshops and the hosting of legislators, visitors and journalists. In addition, 2/3<sup>ds</sup> of the respondents felt that the SBC should aim for national or international levels of activities. Bradford noted that while research activities can often fund themselves through grants, it is difficult to generate additional funds for outreach and educational activities.

Bradford provided a handout titled "Seed Biotechnology Center Budget/Actual 2000-2006." He noted that salaries alone for the SBC were at or above the \$150,000 received from the CSAB and that a 3% projected increase for salary adjustments or advancements will result in a larger gap. He also noted that to be affective in outreach and education, the SBC staff must travel to numerous meetings that deal with regulatory issues. His overall budget projection was a negative for the current year, and he expects that for

2005/06 the SBC will need additional funding or cutback on various activities. As a side note, Bradford noted that the recent merger of several university departments into the Plant Science Department has allowed the SBC to be recognized as an official unit in the new department, and consequently provided them with a small measure of additional support. The projected budget situation has been brought to the attention of the SBC Advisory Council, which is assisting SBC staff to identify strategies to address the shortage. Bradford noted that the expectations of the SBC clientele can only be met by additional resources. Since the SBC has received the same level of funding from the CSAB for six years, he suggested that the Board consider some incremental increase for the contract entering 2006.

During the interim, the SBC will pursue additional strategies to get more funding. Meetings with the SBC Advisory Council identified the need for a full-time director that develops funding resources while continuing the outreach activities. Since Bradford's salary is paid for by the university, he is still required to teach and perform other duties which limit his ability to pursue the additional funding needed for the SBC. His hope is to identify industry sources that will commit \$250,000 per year for about three years and fund the new director, as well as additional activities. He stated that a meeting has been scheduled with Dean Van Alfen, members of the Advisory Council and SBC supporters to discuss this strategy and to determine if the university can assist them. He mentioned that the original conception of the SBC was a partnership between the university and the seed industry. Bradford expressed his hope for continued support from the CSAB.

Van Skike asked if the \$250,000 would be in addition to the \$150,000. Bradford confirmed that the \$250,000 is in addition. Van Skike asked for clarification that the \$250,000 would be used to pay for a permanent position plus more outreach and educational activities over three years, during which time the new person would be responsible for identifying funds to replace that funding. Bradford suggested that the individual could attempt to obtain grants from non-scientific sources, such as foundations or organizations that share the SBC point of view. He also suggested that there may be some revenue received from the Plant Breeding Academy.

Falconer asked if the new position would focus more on revenue generating projects instead of research grant proposals. Bradford replied "yes" but expressed hope that the individual would have a strong scientific background and be able to contribute to scientific projects. Although the SBC has been successful in obtaining research grants, much of that money is spent paying the people to do the science. He estimates that only about 10% of a grant can be used to cover Van Deynze's salary. He emphasized that the research grants do not fund anyone to be involved and participate in regulatory activities, which would be of more benefit to the industry.

Van Skike inquired if there have been any verbal commitments from industry toward the \$250,000. Bradford noted that he received a letter from Forage Genetics which had many positive comments about the SBC and which indicated they would provide \$10,000. He is hopeful that companies like Monsanto will contribute since they have recently acquired Seminis and now have a greater interest in specialty crops. The SBC has sent invitations to numerous companies asking for donations.

Van Skike asked about the status of the current Research Contract with SBC. Bradford explained that there is one more year in the three-year contract. As of July 1, 2005, the third year will start. Van Skike noted that we should start discussions about future contracts before that deadline. Tingley noted that the Board would have to make decisions before July of 2006, when a new contract would start.

Van Skike requested that a discussion about changes to the assessment in order to fund a new three-year contract with the SBC be placed on the agenda for the next CSAB meeting. Bradford emphasized that the \$250,000 being pursued by the SBC is not intended to replace what the CSAB provides but instead represents an intention to expand from other sources. Falconer asked if the CSAB increased their contribution, would some of the contribution be used toward the \$250,000. Bradford replied "yes." Van Skike commented that the Board should begin that discussion to determine if there is interest and to what level the Board wants to fund the SBC.

Keithly asked if there was more discussion. There was none.



#### Seed Biotechnology Center Funding

Godfrey reminded the Board that 2005/06 is the last year of the SBC contract. He noted that the seed industry needs to discuss funding for a fourth year or another three years. He reminded the Board that funding for a fourth year would occur if the Board decided not to fund another 3-year contract with the SBC. His purpose for placing this item on the agenda was to remind the Board and the California Seed Association that they need to discuss future funding of the SBC.

Van Skike commented that the campaign for \$250,000 per year over a three-year period would coincide with a new three-year contract between the CSAB and SBC. Bradford explained that the reason for the three-year period was to give a new director adequate time to be successful in finding the resources necessary to sustain the position and the expanded activities of the SBC.

Van Skike noted that the SBC is currently short approximately \$40,000. Bradford noted that there are funds to barely cover the salaries, but not enough to cover other activities such as travel. Van Skike wanted to know if there was need for a discussion to cover the current shortfall or if the anticipated \$250,000 would cover that. Bradford replied that he is not proposing that any part of the \$250,000 be used to backfill the current needs. He then suggested that the Board consider increasing the contract to cover the basic salaries and operations the SBC needs to retain their current level of activities. Van Skike inquired if the efforts of the new person would allow them to eventually offset some of the fees that are being spent by the Board. Bradford said "yes." Falconer commented that the strategy to bring in more revenue via a director position could later reduce fees. Van Skike asked Bradford if he had any suggestions for the level of funding that the CSAB could provide in future contracts with the SBC. Bradford replied that \$200,000 per year would be a realistic amount that the SBC needs to maintain the core that has been established.

Van Skike made a motion to place a discussion about increasing the funding for the SBC from \$150,000 to \$200,000 on the agenda for the next meeting. Falconer seconded the motion. An unofficial vote unanimously approved the motion.

#### Future Considerations for the Direction of Seed Services and the Seed Laboratory Programs

Godfrey informed the Board that the Seed Services Program is in the process of making the contracts for counties to collect the official regulatory samples. One of the recommendations previously made was to eliminate the \$100 minimum for counties that do not have any official seed sampling activities. He noted that the California Seed Law currently states however, "Counties with no registered seed labelers shall annually receive one hundred dollars (\$100)." Dave would like to meet with Rich Matteis to explore the possibility of using AB1508 as a means to change that portion of the law and remove the requirement to pay the \$100 minimum.

Tingley inquired as to the number of counties that receive the \$100 minimum. Godfrey answered fourteen and explained that the work involved in making the contracts, getting signatures and distributing the money, actually costs more for the Seed Services and the counties than the \$100 they get. He clarified that elimination of the \$100 minimum was a recommendation by the Board and the California Seed Association.

Godfrey then asked for clarification of the future role of Seed Services and County Ag Commissioners with regards to seed sampling. Keithly noted that previous discussions had explored the idea that state personnel should take over the collection of official seed samples. Tingley recalled that at the previous Board meeting Heaton stated that just the process of taking official samples would use all of the time Associate Ag Biologists have allocated to Seed Services. Heaton agreed. Tingley also noted that the estimate for those activities was previously stated to be approximately \$30,000. Van Skike recalled that there was previous discussion about ways to offset that amount, including the Ag Commissioners and TEAMSEED, which was also \$30,000. Falconer inquired if a subcommittee previously addressed this idea. Heaton noted that the minutes of the last meeting reported that the issue was to be taken up at the annual meeting of the California Seed Association. He was unaware if a committee of the CSA discussed it or not. Van Skike informed the group that the issue was discussed at the CSA meeting and that Rich Matteis intended to report on their recommendations but is currently attending a legislative hearing on AB1508. Van Skike suggested that since we do not have a quorum, the issue be tabled until we can have official input from

CSA. Peterson, who was in attendance for the CSA, explained that part of the official input from CSA was the discussion of whether the CSAB needs to continue to fund the Ag Commissioners at the \$120,000 level. She stated that the CSA recommends that the Board continue to fund the Ag Commissioners at the \$120,000 level and that the state begin collection of official samples starting July 1, 2005. In addition, consideration should be given to the elimination of the TEAMSEED program to save \$30,000 and to use the savings to cover the additional costs of sampling.

Heaton asked if counties that are currently not doing any sampling would now be considered to be on equal terms as the counties that formerly sampled but now would not be contracted to do so.

Van Skike commented that the housecleaning issue of the \$100 minimum is separate from the discussion of who is taking samples, the Ag Commissioners or the state. He clarified that the recommendation was that the state would take the samples and that the initial cost of \$30,000 would be offset by reducing TEAMSEED. In addition, regardless of how AB1508 or removal of the \$100 minimum proceeds, the CSAB would still fund the Ag Commissioners at the level of \$120,000. Peterson noted that there is a sunset provision for the \$120,000 level of funding to the Ag Commissioners. She further inquired as to when the provision expired. Godfrey replied that he believed the provision expired in 2009. Peterson noted that the CSA felt that the sunset date would be a good time to address the \$120,000 level of funding.

Godfrey asked for discussion about the details of what the Ag Commissioners will need to do in order to receive the \$120,000. He explained that Seed Services cannot enter into a contract without some scope of work being specified.

Falconer noted that the Board has been talking about the state taking over the sampling for several years. He inquired if Seed Services has seen any change in the way that samples are submitted since that prospect has been known. He noted that there were comments earlier the samples were still coming in late. Godfrey and Heaton acknowledged the earlier reference and offered that sampling errors are now being addressed immediately. Heaton stated when an error becomes known, a letter is immediately sent to the county informing them of the nature of the error so that they can fix the error or even collect a new sample. Van Skike asked what proportion of error samples get corrected. Heaton estimated that 15% of the sample errors were corrected by counties.

Van Skike noted that earlier in the meeting, Meyer commented that the lab received a box of samples that were three and four months old. He noted that these kinds of late samples are pretty much useless for issuing "Stop Sale" orders if something is found to be wrong. Meyer noted that poor storage conditions affect test results.

Van Skike motioned that the Board approve the recommendations from the CSA, namely that the state take over sampling effective July 1, 2005, the state reduce or eliminate the TEAMSEED program to offset the anticipated cost of sampling, the Board continue to fund the Ag Commissioners at the level of \$120,000, and Seed Services develop an appropriate contract that specifies a scope of work that meets the state's contractual requirements.

Keithly asked for further discussion.

Tingly asked if the \$30,000 amount was an accurate estimate of cost for the state to take over the sampling.

Godfrey stated that he believes the estimate is low.

Heaton agreed and referenced the last meeting when he reported \$30,000 was the amount provided by the work-study time reports submitted by the Associate Ag Biologists. He noted that he previously stated that he believed \$30,000 dollars was a very low estimate considering the amount of time that the Ag Biologists will have to travel to the various counties they are assigned. He offered however, that he recently assisted Sacramento County in the collection of three samples and that the time required was approximately 1.5 hours, very close to the estimate from the time studies.

Godfrey noted that eventually a determination must be made about the number of samples the state should take and what problem areas should be addressed. He noted that this was a previous recommendation to the Board. Falconer and Van Skike agreed.

Tingley asked if the accounting procedures in Seed Services will allow the tracking of costs associated with the new sampling strategy. Godfrey replied that it is possible to have the Associate Biologists report time as they have previously done for the Nursery Certification Programs. Tingley commented that if it costs the state \$65,000 instead of \$30,000, he wants to review the arrangement at a later date.

Keithly suggested that we could look at the numbers at the winter meeting.

Falconer asked Godfrey if emergency issues, such as Sudden Oak, will affect the ability of Associate Ag Biologists to perform the sampling. Godfrey acknowledged that Seed Services shares the Associate Ag Biologists with other programs, except for Marko Sladovich, who is funded 100% by Seed Services. He related that even though Sladovich is not shared, he sometimes gets very busy handling seed complaints. In fact, it is because Sladovich is funded 100% by Seed Services, that he has become the designated person to handle seed complaints. Godfrey related that in some years there are not many complaints while in other years there are dozens of complaints. He cited 2003 as a year when there was only one complaint while in other years there were approximately forty complaints. Another example was a complaint that Sladovich handled in the Southern California due to the fact that our part-time Associate Ag Biologist in Riverside was assigned to a nursery training program and was traveling throughout the state. Godfrey acknowledged that the Seed Services program will have to juggle duties to cover some complaints.

Meyer inquired about the fate of service samples drawn by counties. Godfrey noted that terminating TEAMSEED will affect the counties ability to properly draw service samples. Meyer related that recipients of seed shipments often require service samples be drawn by government officials. Effenberger noted that most of the seed samples drawn for phytosanitary certification are drawn by county personnel. Meyer expressed concern that the counties may simply get the message that they no longer need to do seed sampling and consequently they will also stop or refuse to collect service samples.

Van Skike noted that a provision for counties to continue the collection of service sample should be put into the contract that provides \$120,000 to the Ag Commissioners.

Godfrey suggested that the counties should still check for label compliance and continue to answer questions about the California Seed Law. Godfrey suggested that perhaps a reduction in TEAMSEED is more plausible than elimination since the counties and industry will still require some training.

Falconer expressed concern that the new arrangement for sampling is moving from a system that was inefficient and excessive to a system where Seed Services may not have the capacity to address needs because people are shared with other programs.

Keithly noted the importance of county personnel continuing the activities necessary to issue phytosanitary certificates.

Van Skike noted that these ideas could be placed in the \$120,000 contract with the Ag Commissioners.

Meyer commented that if counties are not as busy drawing regulatory samples, they might be able to draw more service samples, which could in turn generate more revenue for the Seed Laboratory.

Heaton related that he has received at least one call from a county requesting assistance in seed sampling because their veteran inspector had retired and the current inspectors lacked training.

Keithly inquired as to whether inspector training isn't part of the counties own training.

Meyer noted that lab personnel cannot do sampling since the lab is considered a third party lab.

Van Skike presented an amended motion for the state to begin collecting regulatory seed samples effective the new contract year (July 1, 2005). No additional comments were presented. The motion was passed by unanimous vote.

Van Skike noted that Godfrey should work on the terms for the \$120,000 contract with the Ag Commissioners. Godfrey stated that county personnel can still inspect facilities, check labels for compliance and determine from service samples or quarantine samples if the labeler is registered to sell seed in California. Keithly asked if the terms of the contracts have to be in place by July 1, 2005. Godfrey replied "yes" and suggested we ask for additional input at the teleconference, when the motions of the present meeting are finalized.

Van Skike requested Heaton to detail the specific items that must be in the contract so that if items come up at the teleconference, they could be added to the contract. This list of items could then serve as a document of what the industry needs the counties to still do.

Keithly set the teleconference for Thursday, June 9<sup>th</sup> at 10:00 a.m.

Van Skike requested that the minutes be prepared before the teleconference. Godfrey noted that when Heaton sends out the announcement for the teleconference, he will send a copy of the minutes from this unofficial meeting with instructions that the minutes should be read in advance of the teleconference so that Board members are prepared to vote.

Keithly also requested Seed Service provide information at the teleconference about the arrangements for the meeting with Secretary Kawamura and the Board.

Peterson suggested that members be required to RSVP for the teleconference so we can be sure to have a quorum present.

#### Legislative Report AB1508

Peterson provided the most recent version of AB1508. She explained that the bill is essentially a cleanup bill of existing terminology. She noted that the bill is summarized on the first page of the handout. It essentially provides the provision that any vegetable seed sold in a container one-half pound or less shall bear upon it at the time of retail sale for nonfarm use the viability assurance statement "Packed for the (year) season." In addition, there are various nonsubstantive or minor changes to wording of the law. Peterson reported that the bill has passed the Policy Committee in the Assembly and that it is on consent in the Appropriations Committee, where Rich expects it to pass by vote. Once the bill passes the Appropriations Committee, it goes to the Assembly floor and then to the Senate.

Keithly requested questions or comments. There were none.

#### Nominating Committee Report and Election of Officers

Van Skike noted that the Nominating Committee received little notice about being on the agenda. He requested that for future meetings the Seed Services staff provide advance notice to the Nominating Committee. Van Skike noted that it has been tradition to have the CSAB officers serve for two one-year terms. The Nominating Committee's recommendation therefore, was to have Kelly Keithly serve another year as Chairman and Ken Scarlett as the Vice-Chair. Van Skike made that the motion and Tingley seconded the motion. The motion was unofficially approved by unanimous vote.

#### Next Meeting

Keithly noted there will be a teleconference meeting on June 9<sup>th</sup>, 2005 at 10:00 a.m., so that a quorum of members can officially vote on motions that were unofficially approved at the meeting of May 18, 2005.

He requested that by the June 9<sup>th</sup> teleconference meeting, Seed Services have the details for a meeting with Secretary Kawamura.

The date for the winter meeting of the California Seed Advisory Board was set for Thursday, Nov. 17, 2005 at 9:00 a.m., at the Plant Diagnostic Center in Sacramento.

Adjourn

Chairman Keithly adjourned the meeting at 11:30 am and reminded attendees that the lab staff was prepared to provide a tour of the seed laboratory for those who were interested.

Respectfully Submitted,

John Heaton